

SUBJECT: Allowing private vendors to collect child support payments for counties

COMMITTEE: County Affairs — committee substitute recommended

VOTE: 7 ayes — R. Lewis, Gutierrez, Chisum, Hamric, Kamel, Longoria, Wohlgemuth

2 nays — G. Lewis, Muñoz

0 absent

WITNESSES: For — Philip Scheps; Tom Laramey, for Maximus, Inc., Craig Pardue, for Dallas County.

Against — None

On — Leonard Spearman, for Harris County Judge Robert Eckels

BACKGROUND: The federal Social Security Act Title IV-D provides federal funding for states that participate in child support enforcement programs. The Texas Attorney General's Office, the state's designated Title IV-D agency, established and monitored 35,000 new support orders last year.

All Texas counties are required to establish local registries, usually at the district clerk level, to receive and disburse child support payments and maintain official records of those payments. Larger counties such as Harris, Dallas, Tarrant, Travis and Bexar have established domestic relations offices that collect and disburse funds and may enforce orders against persons owing child support payments. Harris County has authority under Human Resources Code Chapter 152.1074 (i), to contract with private companies to assist in county child support collection efforts.

DIGEST: CSHB 1085 would allow any county, through its county commissioners court, to contract with a private company for child support services and to collect various fees and use county funds to pay for such services. Private contractors could be authorized to:

- enforce, collect and disburse child support payments and other amounts due under a court-ordered schedule of child support payments;
- collect fees;
- maintain appropriate records, including records of child support and other amounts and fees that are due, past due, paid or delinquent;
- locate absent parents;
- furnish statements to parents accounting for payments that are due, paid or delinquent;
- send billings and other appropriate notices to parents;
- perform any duty or function of a local registry, a court services department or domestic relations office and other services authorized by the county commissioners court.

Contracts could specify the services to be provided by the entity; the method, conditions and amount of compensation for the private vendor; security of the funds collected by the company; the records and full accounting to be kept by the company; requirements governing the inspection, verification and audit of records; the disclosure or nondisclosure of information or records maintained by the company.

Funding sources for the program could include county funds, fees collected when a party files a suit affecting the parent-child relationship under the Family Code or at another time specified, or late payment fees. The commissioners court could by order provide for exemptions from the fee schedule and collection methods.

CSHB 1085's provisions would be cumulative of the powers and duties created by other law, except that county action would preclude the exercise or performance of a power or duty created or conferred by other law as expressly provided by an order of a commissioners court.

The bill would take effect September 1, 1995.

**SUPPORTERS
SAY:**

CSHB 1085 would improve the state's child support enforcement services by giving all counties the power Harris County already has to privatize some or all of their services. This is an important part of the state's continuing effort to help children get the money they are due and to limit the need for these children to have to turn to public assistance, such as AFDC, in order to meet their basic needs.

Privatizing child support collection efforts would help lead to an active rather than complaint-driven collection system. Private companies specializing in collecting and monitoring child support payments have the trained staff, expertise and software necessary to run an effective and efficient child support collection system. Given all of the other demands on county governments, they are simply not as well equipped to run such systems. A recent Dallas County study showed that private companies have a 70 percent success rate in collection efforts while county efforts yield only a 30 percent success rate.

This legislation would save counties money because counties would privatize child support collection only when it would improve their finances.

**OPPONENTS
SAY:**

County funds should not be used to provide or recover costs associated with privatized enforcement. The Attorney General's Office has a highly respected child support enforcement division that should be used rather than having counties spend already scarce county resources on private contractors.

The fee structure that could be established under this bill could be applied in a way that would unfairly penalize good faith payers and their children by assessing fees against them to compensate for the expense involved in going after those not meeting their child support obligations.

Elected officials should deal with child support issues at the federal level to keep the focus on national efforts to improve collection of child support payments. Child support enforcement should be handled at the federal level with enforcement coming from the Internal Revenue Service, which

has ample experience and success in collecting monies and prosecuting those who fail to pay.

NOTES:

The author's office said a floor amendment will be offered striking the provision to allow county funds to be used to provide or recover the costs of providing services authorized by the bill.

The committee substitute deleted a limitation in the original bill to counties with 1.5 million or more population (Harris and Dallas counties) and made the bill apply to all counties. CSHB 1085 also deleted a provision requiring private contractors to execute a surety bond, and would instead allow the county commissioners court to include all appropriate terms and conditions in the contract. CSHB 1085 sets out a number of funding methods for the counties to use as well as fee exemptions and adds a cumulative effect provision.

A related bill, SB 793 by Harris would provide for a statewide integrated system or child and medical support enforcement to be used by state, county and local officials. The system would unify state and local child support registries so that all child support orders entered in the state would be recorded in the unified registry system and tracked for compliance. SB 793 has been referred to the Senate Jurisprudence Committee.